

R 050903Z DEC 08
FM AMEMBASSY NAIROBI
TO SECSTATE WASHDC 7820
INFO USDOC WASHDC 3120
AMEMBASSY ANTANANARIVO
AMEMBASSY BANGKOK
AMEMBASSY BEIJING
AMEMBASSY COLOMBO
AMEMBASSY DAR ES SALAAM
AMEMBASSY DUSHANBE
AMEMBASSY HANOI
AMEMBASSY KABUL
AMEMBASSY KATHMANDU
AMEMBASSY LILONGWE
AMEMBASSY LONDON
AMEMBASSY MAPUTO
AMEMBASSY NEW DELHI
AMEMBASSY PARIS
AMEMBASSY RANGOON
AMCONSUL HONG KONG

UNCLAS NAIROBI 002722

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COMMERCE FOR BECKY ERKUL

LONDON AND PARIS FOR AFRICA WATCHERS

E.O. 12958: N/A

TAGS: [ETRD](#) [EMIN](#) [ECON](#) [PREL](#) [PGOV](#) [PREL](#) [EFIN](#) [BM](#) [KE](#)

SUBJECT: NO SALES OF KENYAN RUBIES TO BURMA

REF: STATE 127059

¶1. Summary: According to three senior Ministry of Environment and Mineral Resources officials, Kenya does not export rubies to Burma. End Summary.

¶2. In separate December 4 meetings with Kenya's Commissioner of Mines and Geology Lojomon Biwott, acting Chief Geologist Shadrack Kimomo, and Warder of Mines Evans Osumo, econ specialist learned that Kenya does not export rubies to Burma. According to these three senior Ministry of Environment and Mineral Resources officials, over 90% of all Kenyan gemstones are exported in raw form to India, China, Thailand, Europe, and the United States. Kenyan rubies are not exported to Burma, which is viewed as a major competitor with better quality gemstones. Most of the processing and polishing of Kenyan gemstones are done in India and Thailand; the refined rubies are then re-exported to other countries.

¶3. Biwott and his Department of Mines and Geology colleagues emphasized that Kenyan government agents inspect and seal all exports of precious gems, issue certificates of origin, and collect income and royalty taxes. Kenya supports the Extractive Industries Transparency Initiative and the Kimberley Process certification scheme but is not a member since it does not have diamonds. Moreover, given Kenya's limited mineral base (mining earned the country \$200 million in 2007), the government finds the scheme too expensive to implement. Kenya is a member of the Inter-Governmental Mining Forum, a voluntary organization of 42 countries involved in promoting sustainable mining.

¶4. The Kenyan government is not involved in ruby mining. The gemstone sector is dominated by many small scale miners and few mechanized miners. Ruby gemstone mining in Kenya took off in the 1970s when American geologist John Saul discovered a major site in the Mangare Swamp section of Tsavo National Park near the southeast border with Tanzania. Tsavo remains the major ruby mining area in Kenya. Other promising ruby deposits were found in West Pokot (2001) in the vicinity of Lakes Baringo and Bogoria, the Waseges River valley (2002), and the Simba area (2205) southeast of Nairobi. The company Saul founded, Rockland Kenya, Ltd., is the biggest ruby producer in the country. Other ruby mining companies are Baringo Stones, Equator, hard Rock, and Aqua. After dipping to 2,310 kilos in 2003, ruby production has surged the past three years from just

over 5,000 kilos in 2005 to nearly 9,000 kilos in 2007. The industry, however, earned less than \$1.5 million in 2007.

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